

cent. ; the Bank of Bremen was required to loan a maximum of 200,000 thalers, and the Bank of Buckebourg was under obligations to make advances to the amount of 400,000 thalers without interest, on the condition that the government deposit public securities paying an interest of four per cent.¹ The State exercised a more or less complete control over all these local banks, in some cases appointing the officials and in others limiting its action to inspection and suggestion. The Banks of Bremen and Frankfort were among those enjoying comparative freedom, being subject only to public control when it was judged desirable,

The operations of these banks before 1875 consisted, like the operations of the Bank of Prussia, in the discount of commercial paper, the negotiations of foreign and domestic bills of exchange, advances upon public stocks and the precious metals and in some cases upon mortgages, and the pledge of securities and property. The building of railways, the increased productive power of the community, and the consequent increase in capital, brought a rapid extension of business to the German banks during the ten years before they become subordinate to the German Imperial Bank. The aggregate commercial discounts of all except the Bank of Prussia increased from 126,629 in number and 693,420,-537 marks (\$167,000,000) in amount in 1867 to 535,302 in number and 2,797,759,142 marks (\$675,000,000) in amount in 1874. The management of the local state banks was for the most part prudent and conservative and they were doing a safe and profitable business when they were arrested in their growth by the policy of consolidation. Most of them had branches in the neighboring towns and cities, reaching a total of nearly fifty establishments besides the parent banks. They were required by the laws of most of the states to set aside a portion of their profits as a reserve fund and this fund increased from 12,270,712 marks (\$3,000,000) in 1867 to 34,-332,457 marks (\$8,200,000) in 1875.

The aggregate circulation of the banks
outside the Bank

¹ Noel, I., 263.